

*NC Department of Commerce, Rural Economic Development
Division (REDD)*

**Community Development Block Grant (CDBG)
*Group Initial Start-Up Visit Workshop***

Wednesday, July 31, 2019

CDBG Neighborhood Revitalization Program



CDBG Neighborhood Revitalization Start-Up Workshop

Welcome & Introductions

1. Name
2. Agency
3. Role
4. Years of Experience



CDBG Neighborhood Revitalization Start-Up Workshop

Purpose of this workshop

- This is a technical assistance workshop focused on getting and maintaining an optimal start by reviewing REDD and CDBG policies and procedures and addressing special issues, if any, associated with the grant.
- Typically, a start-up visit with our recipients must be completed within 30 days of REDD receiving the fully executed Grant Agreement and Funding Approval.



CDBG Neighborhood Revitalization Start-Up Workshop

Agenda

- Welcome and Introductions
- Post-award Overview of Neighborhood Revitalization, CDBG-NR
- Status of CDBG-NR: Current Status and Next Steps
- Grant Agreement and Funding Approval Conditions
- Monitoring and Reporting Requirements
- Grant Closeout
- Financial Requirements
- Procurement
- Environmental, Compliance Matters/Plans & Labor Standards
- Rehabilitation Standards and the State's Role
- Wrap-up



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Post-Award Overview & Status of CDBG-NR

Detra Purcell, NC CDBG Section Chief



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Post Award Overview

- The recipient must perform the CDBG Neighborhood Revitalization program as specified in the application.
- The recipient has certified that it shall comply with all applicable federal and state laws, regulations, rules and Executive Orders as outlined in 24 CFR, Part 570, the NC Administrative Code 4 NCAC, 19L Community Development Block Grant.
- The recipient shall comply with the Housing and Community Development Act of 1974 and other applicable rules and guidance that will be described later in the workshop.



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Status of CDBG-NR and Next Steps

- To date, REDD has issued three Notice of Funding Opportunities (NOFOs) in 2018 and in 2018 and 2019 awarded **32 local units of government** a little over **\$23 million dollars** to support housing and public facility(ies) rehabilitation.
- An estimated **27,000 Low-to-Moderate-Income (LMI) households and individuals** will benefit from the projects being funded through the 32 awards made thus far.
- REDD recently announced a CDBG Neighborhood Revitalization Notice of Funding Opportunities (NOFOs) with **special consideration for communities impacted by the storms** on April 17, 2019 and applications were submitted by close of business, 5:00 pm on July 17, 2019. We received 25 applications with requests for a little over \$18 million dollars this round.
- More opportunities for these funds will be made available as a continued demonstration of our efforts to address the housing and public facility needs for the provision of public services to the LMI community as funding is made available.



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Grant Agreement and Funding Approval Conditions
Iris Payne, NC CDBG Director



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Overview of the Grant Agreement & Funding Approval Conditions

Timely Execution

- Signed Grant Agreement must be returned to CDBG within 60 days of the date of REDD's Director's signature.

Obligations of the Recipient

- Comply with the federal, state rules and requirements outlined in the application and Grant Agreement.

Recipient Compliance with 3rd Party Relationships

- Recipient contracts with 3rd party, the 3rd party must comply with the Grant Agreement and all applicable laws, rules, regulations, procurement and other requirements of the grant.
- Payment of all subcontractors and subrecipients is the responsibility of the recipient and the Department of Commerce shall not be obligated to pay for any work performed by any subcontractor or subrecipient.



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Overview of the Grant Agreement & Funding Approval Conditions (continued)

Changes to the Agreement

- Recipients agree that the Department of Commerce may supplement or modify the Grant Agreement as may be necessary to implement additional or modified Federal or State guidance regarding the implementation of the CDBG program.

Conflict of Interest

- Recipients must comply with all applicable conflict of interest provisions, including but not limited to those found in 4 NCAC 19L.0908 and .0914, NC General Statute 14-234, 24 CFR 85.36, 24 CFR 570.489(g) and (h), and 24 CFR 570.611, where applicable.
- *Except for eligible administrative or personnel costs, no persons who exercise or have exercised any function of responsibilities with respect to the grant activities under the Grant Agreement or are in a position to participate in decision-making process or gain inside information with regard to such activities, may obtain a financial interest or benefit from grant assisted activities or have an interest in benefiting from the activity, or have an interest in any contract, sub-contract or agreement with respect thereto, or the proceeds there under, either for themselves or those with whom they have family or business ties, during their tenure of for 1 year after. (This applies to subrecipients and subcontractors of the recipient as well.)*



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Overview of the Grant Agreement & Funding Approval Conditions (continued)

Reimbursement to Commerce for Ineligible Expenditures

- The recipient will reimburse the Department of Commerce for unallowable expenditures either deliberately or non-deliberately, by any person or entity.
- A contract for administrative services shall include a clause holding the administrator organization responsible for reimbursement to the Recipient for any unallowable expended grant funds that had to be reimbursed to the Department of Commerce.

Recordkeeping Requirements

- Recipients will maintain any and all records and comply with all responsibilities as may be required under CDBG recordkeeping. Recipients must also comply with additional recordkeeping requirements now and hereafter set forth by the Department of Commerce, HUD and any other federal or state entity.

Access to Records

- Recipient must provide any duly authorized representative of Commerce, the State of NC, the federal department of Housing and Urban Development (HUD), the Comptroller General, the Inspector General and other authorized parties at all reasonable times access to and the right to inspect, copy, monitor, and examine all of the books, papers, records and other documents relating to the grant for a period of 5 years following the completion and closeout procedures. All original files must be maintained at the Local Unit of Government offices for access purposes.



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Overview of the Grant Agreement & Funding Approval Conditions (continued)

Release of Personal, Financial and Identifying Information

- Recipient shall obtain and retain personal, income-related, financial, tax and/or related information from individuals and families assisted by and benefiting from grant and program funds.
- Recipient must provide access to any and all information relating to the program to Commerce, HUD, or some other appropriate federal or state monitoring entity, upon Commerce's request (i.e. Personal, financial, and identifying information of individuals assisted by the program.)
- Recipient must obtain waivers from all individuals or entities necessary to ensure that this information can be properly and legally provided to appropriate federal and state entities, including Commerce and HUD, without issue of objection by the individual or entity.



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Overview of the Grant Agreement & Funding Approval Conditions (continued)

Project Savings

- The recipient is obligated to contribute 100% of its pledged cash contribution to the CDBG project even if the project experiences a savings after authorized activities are completed. Any project savings accrue to the CDBG program. **Substitution of in-kind contributions for cash is not allowed.**

Expenditure of Non-CDBG Funds

- The recipient must expend non-CDBG funds along with CDBG funds, following the implementation schedule described in the approved application and modified by the Performance-Based Contract (or otherwise with Commerce approval).
- The recipient shall report on non-CDBG expenditures with each Annual Performance Report, consistent with Section .1100 Performance of the program regulations (4 NCAC 19L) as well as any other applicable reporting requirements.



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Overview of the Grant Agreement & Funding Approval Conditions (continued)

Method of Payment

- Commerce uses the Office of State Controller (OSC) to make CDBG payments to units of local government. The Electronic Payment Form from OSC must be completed for funds to be electronically transferred.

Fair Housing

- Recipients must comply with fair housing and non-discrimination laws and regulations.
- Recipients must submit a Fair Housing Plan to Commerce for its jurisdiction.
- Recipients with 10,000+ persons will be required to complete an Analysis of Impediments (AI) to Fair Housing Choice Study.
- For each grant year the CDBG project is active, the recipient must describe the actions it will take in the areas of enforcement, education and removal of barriers and impediments to affirmatively further fair housing.



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Overview of the Grant Agreement & Funding Approval Conditions (continued)

Equal Employment and Procurement Opportunity

- Recipients must describe the actions it will take annually while the grant is open in the areas of enforcement, education and removal of barriers and impediments that affirmatively further equal access in employment and procurement. This includes a description of steps to be taken in the areas of advertisement, compliance and complaint tracking.

Local Economic Benefit (Section 3 Regulation)

- The recipient must describe a strategy whereby opportunities in employment and procurement arising out of a CDBG-assisted project are identified and made available to low-income residents within the CDBG-assisted area to the greatest extent feasible.
- The strategy must include the identification of training and technical assistance resources to prepare low-income residents for employment and procurement opportunities. Attempts to reach the numerical targets for new hires set forth in Section 3 regulation, which applies to recipients receiving \$200,000 or more in non-administrative line items expended for construction contracts and education of low-income residents within the CDBG-assisted area about the components and opportunities of the program.
- Recipients will be required to coordinate additional activities as it relates to Section 3 with the Department of Commerce's, CDBG Compliance staff.



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Overview of the Grant Agreement & Funding Approval Conditions (continued)

Section 504 and Americans with Disabilities Act (ADA)

- Recipients must complete the Section 504 Survey and Transition Plan. This plan will not satisfy all of the ADA but will meet the minimum requirements for a CDBG-assisted project.

Language Access Plan (LAP)

- Recipients of federal financial assistance are obligated to reduce language barriers that can preclude meaningful access to assistance for Limited English Proficient (LEP) persons to government programs, services, and activities per (Title VI of the Civil Rights Act of 1964).
- Recipients are required to submit a language access plan using the approved template from REDD. The plan must address the LAP policy, translation of required vital documents, and the requirements for citizen participation.

Procurement Standards

- Where applicable, the recipient must follow the procurement standards established in the Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments and HUD implementing regulations contained in 24 CFR, Part 570.489, which explicitly prohibit cost plus a percentage of cost and percentage of construction costs methods of contracting.



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Overview of the Grant Agreement & Funding Approval Conditions (continued)

Procurement Standards (continued)

- Any recipient or subrecipient must follow other applicable procurement standards set forth in 4 NCAC 19L.0908, and the relevant laws cited therein, including but not limited to, laws related to conflict of interest, public building contracts, and payment and performance bonds, acquisition and relocation, property management standards, equal opportunity and labor standards.
- Recipients shall follow all other applicable federal and state procurement rules, guidelines and procedures, including those set forth in the Uniform Administrative Requirements for Federal Grants, 2 CFR, Part 200.318-326.
- All purchase orders and contracts shall include any clauses required by federal statutes, executive orders and implementing regulations.
- Recipients are subject to the provisions of the NC General Statutes and the NC Administrative Code relating to and governing procurement, public contracts, suspension and debarment.
- Recipients must ensure that the provisions of all applicable laws relating to and governing procurement, public contracts, suspension and debarment are made applicable to and binding upon any and all subrecipients and/or applicable entities.



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Overview of the Grant Agreement & Funding Approval Conditions (continued)

Labor Standards

Recipients shall follow all applicable laws, rules and regulations concerning the payment of wages, contract work hours, safety, health standards, and equal opportunity for CDBG programs.

- a. **Davis–Bacon Act:** Prevailing local wage levels be paid to laborers and mechanics employed on certain construction work assisted with CDBG funds.
- b. **Contract Work Hours and Safety Standards:** Laborers and mechanics employed by the contractor or sub-contractors on construction work assisted with CDBG funds must receive overtime compensation at a rate not less than 1½ the basic rate of pay for all hours worked in excess of 40 hours in a work week. Violators will be liable for the unpaid wages and in addition for liquidated damages computed in respect to each laborer or mechanic employed in violation of the act.
- c. **Fair Labor Standards Act:** Covered employees be paid at least the minimum prescribed wage and paid 1½ times their basic wage rate for all hours worked in excess of the prescribed work week.
- d. **Federal anti-kickback laws:** Criminal penalties for “kickbacks” of wages in federally financed or assisted construction activities. Weekly statements of compliance and weekly payrolls must be provided by all contractors and sub-contractors.



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Overview of the Grant Agreement & Funding Approval Conditions (continued)

Labor Standards (continued)

- Recipients must maintain records regarding compliance with the Labor Standards outlined in 4 NCAC 19L.1006 and 0911.
- All contracts between recipients and 3rd parties shall contain labor standards provisions as required in 4 NCAC 19L.1006.

Architectural Barriers

- Per 4 NCAC 19L.1007, 24 CFR, Parts 570.487 and 570.614 and other applicable buildings or facilities designed, constructed or altered with CDBG grant funds shall be made accessible and usable to the physically handicapped.
- **Architectural Barriers Act:** buildings or facilities designed, constructed or altered with CDBG grant funds shall be made accessible and useable to the physically handicapped.
- **Americans with Disabilities Act [ADA]:** Guidelines for buildings and facilities or the Uniform Federal Accessibility Standards.
- **North Carolina Building Code**, Volume I, Chapter 11-X. Minimum standards recipients must meet in constructing or altering buildings and facilities to make them accessible to and useable by the physically disabled.



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Overview of the Grant Agreement & Funding Approval Conditions (continued)

Change of Use of Real Property

- Recipients agrees not to change the use or planned use of any property acquired with CDBG funds for which the acquisition or improvement was made, in accordance with this Agreement and applicable law, rule, regulation or requirement, unless Commerce grants explicit written approval and the requirements of 24 CFR, 570.489(j), 24 CFR 57-0.505 and other applicable requirements are followed, as modified (or as may be modified) by HUD or Commerce.

Obligation of Recipient with Regard to Vacant Units

- Recipient ensures that all vacant units being rehabilitated will be occupied by a low-moderate income individual/household by the time close-out of the grant occurs.

Utility Assessment or Fees

- Assessments or fees to recover the CDBG-funded portion of a utility project may be charged to properties not owned and occupied by low-moderate income persons. Such assessments are Program Income and as such, must be used for eligible CDBG activities that meet a CDBG National Objective.



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Overview of the Grant Agreement & Funding Approval Conditions (continued)

False or Misleading Information

- Recipients that provide false, misleading or fictitious information with respect to CDBG funds may result in criminal, civil, or administrative prosecution under 18 U.S.C. 1343, 31 U.S.C. 3729, 31 U.S.C. 3801, or another applicable statute.
- Recipients must provide any credible evidence that a principal, employee, agent, contractor, sub-grantee, subcontractor, or other person has submitted a false claim under the False Claims Act or has committed a criminal or civil violation of laws pertaining to fraud, conflict of interest, bribery, gratuity, or similar misconduct involving CDBG funds.

Disputes with the Department of Commerce

- Recipients that have a disagreement or dispute with any action or inaction by the Dept. of Commerce shall inform Commerce by letter addressed to Iris Payne, CDBG Director, Department of Commerce – Rural Economic Development Division (REDD), 4346 Mail Service Center, Raleigh, NC 27699-4346. REDD will endeavor to respond in writing to said letter within 30 days from receipt.
- Recipients shall not be entitled to a hearing under Ch. 150B for matters as described in NC General Statute 150B(c)(8), added by Senate Bill 960, including matters related to contracts, disputes, protests, and/or claims arising out of or related to the implementation of CDBG. This includes actions arising out of or related to the Grant Agreement of the Program.



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Overview of the Grant Agreement & Funding Approval Conditions (continued)

Disputes or Complaints by Subrecipients of Other Entities

- Recipient is responsible for developing, implementing and utilizing its own dispute resolution procedures with respect to disputes and/or complaints between and among Recipient, a Subrecipient, a Contractor and/or any other person or entity (other than the Department of Commerce). This includes (but is not limited to) procedures relating to procurement disputes or protests discussed in 24 CFR, Part 85.36.
- Recipient should make every effort to resolve the dispute pursuant to its own dispute resolution procedures and shall issue a final decision on the matter as soon as is reasonably practicable.
- Recipient's dispute resolution procedure shall provide that in the event that any party to such a dispute or complaint is dissatisfied with the final decision or other resolution provided by Recipient, the dissatisfied party shall appeal to the NC Superior Court in an appropriate County for a trial de novo, to the extent that jurisdiction is proper pursuant to NC General Statute 7A-240 and other applicable law.



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Overview of the Grant Agreement & Funding Approval Conditions (continued)

Schedule for Release of Conditions and Completion Activities

- The recipient must satisfy all Funding Approval Conditions to release CDBG funds within 3 months from the date the Grant Agreement and Funding Approval were signed by the REDD Director.
- Recipient must draw down all CDBG funds, expend all local non-CDBG funds and complete all project activities in conformance with the activity's implementation schedule in the application as modified by the Performance-Based Contract.
- The recipient must obligate all funds within 27 months from the date the Grant Agreement and Funding Approval are signed by the REDD Director. **Any remaining funds will be de-obligated.**
- All closeout documents must be returned to REDD at the end of the life cycle of the grant (30 months.)



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Overview of the Grant Agreement & Funding Approval Conditions (continued)

Schedule for Submission of Compliance Documents

The recipient must submit the following compliance documents within the specified number of months from the date of the Grant Agreement and the Funding Approval were signed by the REDD Director.

- **Environmental Review Documents – 4 months**
- **Equal Employment and Procurement Opportunity Plan – 4 months**
- **Fair Housing Plan – 4 months**
- **Section 3 Plan – 4 months**
- **Section 504 Self Survey/Plan – 4 months**
- **Language Access Plan – 4 months**
- **Analysis of Impediments (if applicable) – 4 months**
- **Request for Release of Funds – 5 months**



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Overview of the Grant Agreement & Funding Approval Conditions (continued)

Timely Drawdown of Funds

- Recipients are expected to make timely drawdowns so that funds are expended in a timely manner.

Quarterly Progress Report

- Recipient shall ensure that a quarterly progress report that reflects approved CDBG program activity progress and CDBG financial status is presented to the recipient's elected board and a copy of that report, endorsed by the Chief Elected Official or the county/city/town manager will be provided to the Department of Commerce not later than the tenth (10th) day of the month following the ending month of the reporting period.

Performance Measures: The HUD Community Planning and Development (CPD) Performance Measurement System is HUD's response to the standards set by the Government Performance and Results Act (GPRA) of 1993. The Act holds all federal agencies accountable for establishing goals and objectives and measuring achievements.

- Recipients must ensure that all activities in the funded project(s) meet the appropriate objectives, outcomes, and indicators established by HUD and selected by the Department of Commerce. CDBG funds cannot be used to pay for any activity that does not meet the above requirement.
- Recipient must also assist the Department of Commerce, when requested, in collecting indicators and any other data necessary to fulfill the requirements of the CPD Performance Measures System, which includes data for the Integrated Disbursement and Information System (IDIS).



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Monitoring and Reporting Requirements

Lucrecia High, NC CDBG, Grants Management Representative



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Reporting Reminders

- Contact the State CDBG Program regarding modifying forms.
- Provide detailed project and activity narratives with locations and descriptions.
- Be sure to submit consistent, accurate data from application to periodic reporting to closeout.
- Review definitions and instructions to accurately complete data fields (examples: race versus ethnicity)
- Complete fields with the HUD required benefit type. Consider the correlation between the activity, national objective, and the accomplishment type. (For example, activity: Rehabilitation: Single-unit Residential, national objective: LMH, accomplishment type: housing units)
- Reporting on activities with LMA national objective, such infrastructure/public facility activities must include the county code, census tract, census block group, total low/mod, total low/mod universe, and percentage low mod- even if a survey is completed.



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Monitoring and Grant Closeout
Detra Purcell, NC CDBG Section Chief



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Monitoring & Evaluation

The NC Department of Commerce, Rural Economic Development Division (REDD) is the “pass-through” entity of the U.S. Housing and Urban Development (HUD) funding for CDBG and as a requirement for receiving CDBG funding.

As such, the REDD is required to monitor and evaluate the effectiveness of the CDBG funding awarded to our recipients to ensure the goals, objectives and accomplishments are being met and to ensure compliance with the federal and state rules, regulations and guidance that apply to the CDBG program.

See HUD Rules 24 CFR, Part 570 and the North Carolina Community Development Block Grant Rules outlined in 4 North Carolina Administrative Code (NCAC), 19L.



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Programmatic Components of Monitoring

- Review of activities in progress and completed to meet a National Objective through the evaluation of the accomplishment goals and the Low-Moderate-Income beneficiary goals upon completion of the project.
- Use a “customer friendly” approach in providing Technical Assistance (TA) during a monitoring visit and/or thereafter to assist recipients’ in preventing concerns and findings that will require corrective actions.



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More on Monitoring

- ✓ Recipients are expected to provide documentation and supporting data for the items listed on the Monitoring Checklists.
- ✓ REDD will review recipients' performance to determine the progress towards carrying out approved activities and will factor in the recipient's expenditure of funds, obligation of funds and the award of 3rd party contracts and other measures of progress.
- ✓ **Conformance with the approved Program:** REDD will review the recipient's performance to determine whether activities undertaken during the period of review conforms with the CDBG program as described in the application, including amendments approved by the Division.
- ✓ **Compliance:** REDD will review a recipient's performance to determine whether the program activities carried out complies with the requirements of the Housing and Community Development Act of 1974 (as amended), applicable laws and regulations.
- ✓ **Capacity:** REDD will review the recipient's performance to determine whether the recipient has the continued capacity to carry out the approved project in a timely manner within the life cycle of the grant.



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Issues of Non-Compliance

Remedies: During the monitoring review, if REDD discovers non-compliance in areas of the program that are statutory a “Finding” will be imposed on the recipient. The recipient will be required to develop a “Corrective Action Plan” that describes the actions that will be taken to bring them into compliance with the requirements of the grant.

Examples of findings:

- Questionable costs (expenditures)
- Non-compliance with the Procurement Rules outlined in 2 CFR, Part 200, 4 NCAC 19L and 24 CFR. Part 85.36.
- Failure to Produce a Project Ordinance
- Problems and issues identified in housing activities related to workmanship and out of compliance with the Rehabilitation standards.



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Areas Monitored

Checklist are used to review the following:

Monitoring Type

1. Conformity w/application
2. General Administration
3. Procurement
4. Acquisition
5. Labor Standards
6. Clearance
7. Relocation
8. Housing Rehabilitation
9. Compliance Plans
10. Fair Housing
11. Financial Monitoring
12. Fiscal Monitoring Reimbursements
13. Fiscal Monitoring Advanced Payments

Applicability

Across the Board
Across the Board
Across the Board
As Applicable
As Applicable
As Applicable
As Applicable
As Applicable
Across the Board
Across the Board
Across the Board
Across the Board
As Applicable



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Fiscal Monitoring

Performed through desktop audit and at each on-site visit.

What is reviewed to see that the recipient has an adequate system of financial management?

- ✓ Ledgers,
- ✓ Invoices,
- ✓ Canceled checks,
- ✓ Bank statements, and
- ✓ Requisitions.

Please note that REDD staff may also make specific requests to review information or documentation relating to financial management of a grant.



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CDBG Required Reporting

- Audits are required when recipients expended \$25,000 or greater in a fiscal year.
- Completion and submission of the Annual Performance Reports (APR) when due. Failure to submit the APR when due can result in the freezing of CDBG funds and impact the timeliness of the completion of projects.



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CDBG Grant Closeout

Once REDD determines that funds have been expended in conformance with program guidelines, the recipient enters the final phase in the grant management known as grant closeout.

The Grant Closeout Process consists of two phases:

1. Closed Pending Final Audit (CPFA): Processes the closeout package contingent upon the final audit after all funds reflected are verified and all performance findings are released.
2. Final Close: Closes the grant after determining all funds are accounted for in the final audit.



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CDBG Grant Closeout (continued)

Recipients should notify the Grants Management Representative (GMR) when ready to begin the closeout process. Once REDD receives and processes the final Request for Payment, the close-out process will begin.

Subrecipients must also **conduct a closeout public hearing** and **submit the complete closeout packet**. The complete packet must contain the following documents without white-out, strikeovers, or other noticeable corrections:

- ✓ Cover letter for documents submitted signed by the Chief Elected Official
- ✓ A copy of the Approved and Certified Minutes for the Closeout Public Hearing
- ✓ Affidavit of publication of the closeout public hearing advertisement
- ✓ Copy of closeout public hearing advertisement from the newspaper
- ✓ Closeout Performance Report
- ✓ Use of Program Income Form
- ✓ Applicable Accomplishments and Beneficiaries Form(s)
- ✓ Property Disposition Form and
- ✓ All Documents must be signed, where required, in original ink by the Chief Elected Official.



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Financial Requirements

Toni Moore, Business Officer



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Financial Management

Financial Management is the process of protecting and using federal funds effectively, efficiently, and transparently.

Cost Principles

Refer to 2 CFR Part 200, Subpart E. Before approving expenditures, confirm that the cost is **allowable, reasonable, and allocable**.

Allowable: except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

- **Necessary, Reasonable and Allocable**
- **Be consistent** with policies and procedures that apply uniformly to **both federally-financed and other activities** of the non-federal entity
- Conform to any limitations or exclusions
- Consistent treatment **between direct and indirect costs**
- GAAP(except governments)
- Be **adequately documented**



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Cost Principles (continued)

- **Reasonable:** a cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.
- **Allocable:** a cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received.



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Procedure for Requisition Submission after the Release of Funds

Submit the following documentation prior to submitting requisitions for payment:

- Vendor electronic payment and Substitute W-9 forms submitted to both the Office of the State Controller (OSC) and State CDBG Program
- Signatory form and certification
- Use the current version of the CDBG requisition form.
- **Refer to the CDBG Requisition Processing calendar.** Requisitions should be received via fax to 919-715-0567 before the Thursday noon cutoff.

Send questions regarding the requisition form or process to Joy Peebles:
joy.peebles@nccommerce.com.



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Procurement Standards

Detra Purcell, NC CDBG Section Chief



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Procurement – Equipment Requirements

See 2 CFR, Part 200.313

1. Equipment **must be used by the non-federal entity in the program or project for which it was acquired** as long as needed, whether or not the project or program continues to be supported by the federal award.
2. Non-federal entities **must not encumber the property without prior approval of the Federal awarding agency.**
3. When no longer needed for the original program or project, there are circumstances in which the **equipment may be used in other activities supported by the Federal awarding agency outlined in this part.**
4. **Property records must be maintained** that include a description of the property, a serial number or other identification number, the source of funding for the property including the FAIN (Federal Award Identification Number), who holds the title, the acquisition date, and cost of property, percentage of federal participation in the project costs for the federal award under which the property was acquired, the location, use and condition and ultimate disposition data including the date of disposal and sale price of the property.
5. **Physical inventory of the property must be taken**, and the results reconciled with the property records at least once every 2 years.



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Procurement – General Procurement Standards

2 CFR, Part 200.318

In summary:

- a) Non-federal entities must use their own documented procurement procedures which must reflect the applicable State, local, and tribal laws and regulations, provided that the procurements conform to the applicable Federal law and the standard identified in this part.
- b) Non-federal entities must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.
- c) Non-federal entities must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts. *No employee, officer, or agent may participate in the selection, award or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest.*



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Procurement – General Procurement Standards (continued)

Broad Examples of Conflicts of Interest are:

1. The employee, officer or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in of a tangible personal benefit from a firm considered for a contract.
2. The officers, employees, and agents of the non-federal entity may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to sub-contracts. However, non-Federal entities may set standards for situations in which the financial interest is not substantial, or the gift is an unsolicited item of nominal value. The standards of conduct must provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the non-federal entity.



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Procurement – General Procurement Standards (continued)

2 CFR, Part 200.319 – Competition

Procurements must be conducted to provide full and open competition and prohibit the following:

1. Placing **unnecessary requirements** on firms to qualify
2. Requiring **unnecessary experience and excessive bonding**
3. **Non-competitive pricing practices**
4. **Non-competitive contracts to consultants on retainer**
5. Organizational **conflicts of interest**
6. Specifying only a **“brand name”**
7. Any **arbitrary action** in the procurement process
8. The use of statutorily or administratively imposed **geographical preferences**



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Procurement – General Procurement Standards (continued)

2 CFR, Part 200.320 – Sole-Source

Procurement by “non-competitive” proposals is procurement through solicitation of a proposal from only one source and may be used only when 1 or more of the following circumstances apply:

- (1) The **item is available only from a single source**;
- (2) The public exigency (urgent need/demand) or **emergency** for the requirement will not permit a **delay resulting from competitive solicitation**.
- (3) The Federal awarding agency or **pass-through entity expressly authorizes non-competitive proposals in response to a written request from the non-federal entity**; or
- (4) After solicitation of several sources, **competition is determined inadequate**.



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Procurement for a CDBG Administrator

Recipients' procuring for a CDBG administrator must have in place Procurement Policies & Procedures that align with the **Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards** outlined in **2 CFR, Part 200.318 – 200.326**.

This information can be accessed by using a search engine (i.e. Google) for the “Electronic Code of Federal Regulations (eCFR), Title 2: Grants and Agreements, Part 200.

1. Advertise for at least **10 days** in **local newspapers in large circulation**. We recommend at least 3 newspapers, on your local unit of government websites, social media outlets, etc.
2. Ensure that **stringent requirements are not included that will limit choices** and opportunities for a range of bids/proposals.
3. Ensure **overall open and fair competition**.



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Environmental Reviews, Compliance Matters & Labor Standards

Angela Williams, NC CDBG Compliance Specialist



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Environmental Review Process and Common Issues Identified

Determining the Level of Environmental Review (See Flow Chart)

- Local Units of Government are the Responsible Entity (RE)- not the State or the contracted Consultants. However, the Consultant can assist the RE with making the determination.

Source Documentation

- Provide supporting documentation for every law and authority that apply.

CDBG Review Process

- Environmental Review Records are reviewed in the order that they are received.



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Commonly Identified Issues

Environmental Review Record Issues:

- Dates and Signatures
 - Contact Person and Chief Elected Official must sign and date the Environmental Review Record Cover Page.
- Failure to submit the supporting documentation as determined by the level of review
- Flood Insurance, Coastal Barrier Resources Act, and Runway Clear Zone Requirements apply to all projects whether exempt, categorically excluded, or requiring the Environmental Assessment (EA) or Environmental Impact Statement (EIS). **ALL MAPS and PHOTOS MUST BE SUBMITTED IN COLOR.**
- Timeliness of the Compliance Specialist's review of your Environmental Records is dependent on the completeness of the Environmental Review Records submitted.
 - Lack of source documentation
 - No dated signatures on the ERR
 - Comments associated with the laws and authorities lack detail



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Request for Release of Funds (RROF) and the Environmental Certification (EC) Process

RROF/EC

- The RROF/EC must be completed after the Environmental Review is completed.
- The RROF and EC must be signed and dated by the Chief Elected Official. No other local unit of government staff can sign the ERR if they do not have the delegation of authority to do so.



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Publishing or Posting

- When publishing or posting, you must ensure that the dates in the Environmental Certification Form match the dates in the Notice.
- The Chief Elected Official (CEO) that signed EC must be the same person mentioned on the Public Notice to be responsible to act in the Federal Court as the representative of the town/city/county.
- When posting a letter signed and dated by the CEO is included stating where posted (at minimum 3 public locations), when posted and duration of posting this letter serves as the official Affidavit.
- When publishing, the RROF must have an Affidavit attached and is not complete until a legible copy of the newspaper and Affidavit from the newspaper, and the original copy of the EC is received.

PLEASE NOTE: *THE RROF & EC CANNOT BE PROCESSED WITHOUT THE ITEMS LISTED ABOVE.*



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Publishing or Posting (continued)

All Public Notices must be made accessible to persons with Limited English Proficiency (LEP). What must be included in English and Spanish is the following:

“The information is available in Spanish or any other language upon request. Please contact (Name) at (Phone Number) or at (Physical Location) for accommodations for this request.”

Please note that if, you are posting is strongly recommended that the full notice is posted in both English and Spanish.

Categorically excluded projects where the compliance mitigation of other laws apply and required, the local public comment period is only **7 calendar days after publication (10 days of the posted), Notice of Intent (NOI) and Request for Release of Funds (RROF).**



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Publishing or Posting (continued)

For Environmental Assessments (EA) a Finding of No Significant Impact (FONSI) and NOI/RROF is always required and is usually done as a combined notice.

The locality must allow a period of at least 15 calendar days for “public comment” after the initial publication (18 days if the Notice was posted) of the notices prior to submitting the RROF and EC.

Most Common Errors are in calculating the commence date.

Please remember that the days counted start the day after the Notice is published/posted (Commence Date) and NOT the “same day” the Notice is published/posted.

Also note that the State cannot approve the RROF/EC before 15 calendar days have elapsed from the time of receipt of the request or time specified in the Notice, whichever is later to receive objections to the ROF.



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Last Thoughts on Environmental Reviews

HUD ultimately expects the State as the “pass-through entity” to ensure the RE complies with the Environmental Rules, Laws and Authorities and proof of compliance is required.



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Compliance Plans and Associated Matters

All plans such as the following must be submitted per the Grant Agreement/Funding Approval Conditions to the CDBG Compliance Specialist:

- Section 3
- Section 504 Self-Evaluation Survey
- Fair Housing
- Language Access Plan
- Equal Employment Opportunity and Procurement
- Analysis of Impediments (if applicable)

Many plans have been submitted lately without the Fair Housing Plan by our CDBG NR Subrecipients, but the Fair Housing Plan is a key component to the program and must be submitted as well.



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Labor Standards

Labor Standards are to be submitted to the CDBG Compliance Specialist twice per year for any contracts that were entered within the specified timeframes.

Period 1 - Due by the close of business March 31st for the reporting periods (October 1 – March 31)

Period 2 - Due by the close of business September 30th for the reporting periods (April 1- Sept 30th)

Please note to submit your contract data for the periods of review and not for a period outside of the periods of review.



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Rehabilitation Standards & The Role of the NC CDBG, Rehabilitation Specialist

Conrad Wrencher, NC CDBG Rehabilitation Specialist



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What to expect when the NC CDBG Rehabilitation Specialist Visits You

- Visit to houses and public facilities selected for rehabilitation
- Work Write-Ups
- Lead-Based Paint Information and Requirements



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The Role of the Rehabilitation Specialist

- Available for inspections, technical assistance during and after the process of construction to complete the project to a satisfactory condition within the CDBG-NR guidelines.
- Make site visits, as needed
- Monitor at least three (3) rehabilitation homes or more when completed



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Monitoring

The Rehabilitation Specialist will review the following forms:

- Eligibility form
- Housing Rehabilitation form
- Clearance form
- Color selection form

We recommend that recipients have **all forms completed in pencil** before the date of the monitoring.



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Accessing Forms on NC Department of Commerce Website

- Click on [Grants and Incentives].
- Select [Grants Management Documents] from the dropdown menu.
- Scroll to [Compliance/CDBG Grants Management Monitoring forms](#)
- Click the appropriate form.



The screenshot shows the North Carolina Department of Commerce website. The header includes the NC Department of Commerce logo, a search bar, and navigation links for NEWS, ABOUT US, and CONTACT. Below the header, a breadcrumb trail reads: NC COMMERCE > COMPLIANCE | CDBG GRANTS MANAGEMENT MONITORING FORMS. The main heading is "Compliance | CDBG Grants Management Monitoring Forms". Under the heading "Associated Files", three documents are listed:

- Start-Up Visit Review Form_0.docx** [Download icon]
Start-Up Visit Monitoring Form to review the requirements and terms of the Grant Agreement
DOC • 38.04 KB
[Download](#) [Download icon]
- Risk Assessment for CDBG Grants_Updated_3-15-19.docx** [Download icon]
Assess funded local units of Governments risks and success of the grant award.
DOC • 25.55 KB
[Download](#) [Download icon]
- General Administration Monitoring Form_2019.rtf** [Download icon]
Review of the Administrative Structure, Citizen Participation Plan, Anti-Displacement & Relocation Plan and Reported Complaints
TEXT • 642.23 KB
[Download](#) [Download icon]

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Rehabilitation Reminders

- Work writeups or scope of work shall meet at least the 2018 or most current NCSBC residential minimum housing code and any local jurisdiction requirements/zoning ordinance.
- In meeting the NCSBC residential minimum housing code, recipients will meet or go beyond meeting the NC Department of Commerce Rehabilitation standards.
- Rehabilitation costs are allowed up to \$44,000 per unit or \$42 per square foot, including lead base paint treatment cost.
- Substantial rehabilitation- projects that have rehabilitation costs above \$44,000 per unit or \$42 per square foot, including lead-based paint treatment cost and any other additional funds. **Grantees are required to submit such projects to REDD for prior approval.**



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Contractors

Use of NC Licensed Professionals

- While not mandatory, REDD strongly recommends the use of North Carolina licensed professionals on all projects. This includes housing inspectors, electricians, HVAC installers and repairers, plumbers, and general contractors. However, it is important to note that bids and dwellings that are \$30,000 and greater can **ONLY BE ACCEPTED BY A LICENSED GENERAL CONTRACTOR**, licensed by the State of North Carolina per Article 1 of Chapter 87 of the General Statute.
- Non-licensed contractors can perform rehabilitation work up to \$30,000; that includes all permits, special trades, and any additional fees associated with completing work in that contract on a dwelling.



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Lead-Based Paint

Effective April 22, 2010: Anyone who performs renovations, repairs or painting in pre-1978 housing or child occupied facilities must comply with lead RRP (Renovate, Repair, Paint) requirements.

Individuals and firms that are not certified could face fines up to \$37,500 per day.

Lead-Based Paint Requirements

Lead-Based Paint Regulations are found at 24 CFR Part 35 and N.C. General Statute §130A-453.01-453.11 – Lead-Based Paint Hazard Management Program. All CDBG grantees awarded funds to rehabilitate any houses constructed prior to 1978 are required to follow the regulations.



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Lead-Based Paint Requirements (continued)

- ✓ All units must have a risk assessment and paint inspection by a certified risk assessor;
- ✓ All units must be cleared by a certified inspector or risk assessor who must be a third-party entity;
- ✓ Local governments must use contractors trained in Safe Work Practices;
- ✓ Local governments that undertake temporary relocation must develop, adopt, and follow an Optional Temporary Relocation Policy.
- ✓ It is our policy that when lead-based paint is identified in a unit being rehabilitated, the lead-based paint be abated whenever possible. Cost for abatement may be charged to the rehabilitation unit.
- ✓ Homeowners and occupants, when relocated, must be moved to a lead safe environment.



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Thank You!

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